

**N.M. Oil Cons. DIV-Dist. 2**  
**UNITED STATES 1301 W. Grand Avenue**  
**DEPARTMENT OF THE INTERIOR**  
**BUREAU OF LAND MANAGEMENT**  
**Altesia, NM 88210**

FORM APPROVED  
OMB No. 1004-0135  
Expires July 31, 1996

**SUNDRY NOTICES AND REPORTS ON WELLS**

*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*


**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

|   |  |  |
|---|--|--|
| <b>1. Type of Well</b><br><input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other |  | <b>5. Lease Serial No.</b><br>NM-93174   |
| <b>2. Name Of Operator</b><br>MCKAY OIL CORPORATION   |  | <b>6. If Indian, Allottee or Tribe Name</b>  |
| <b>3a. Address</b><br>P.O. BOX 2014 ROSWELL, NM 88202-  | <b>3b. Phone No. (include area code)</b><br>505-623-4735 | <b>7. If Unit or CA/Agreement, Name and/or No</b>  |
| <b>4. Location of Well (Footage, Sec., T., R., M., or Survey Description)</b><br>Sec 23, T5S, R21E<br>1700' FWL & 660' FNL              |  | <b>8. Well Name and No.</b><br>Rugged Federal #1   |
| <b>10. Field and Pool, or Exploratory Area</b><br>W PECOS ABO SLOPE-82740   |  | <b>9. API Well No.</b><br>30-005-62851   |
| <b>11. County or Parish, State</b><br>CHAVES COUNTY, NM   |  | <b>12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA</b> |

| TYPE OF SUBMISSION                                    | TYPE OF ACTION                                |  |  |   |
|---|---|--|--|---|
| <input type="checkbox"/> Notice of Intent             | <input checked="" type="checkbox"/> Acidize   | <input type="checkbox"/> Deepen                    | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing         | <input checked="" type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation               | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice     | <input type="checkbox"/> Casing Repair        | <input type="checkbox"/> New Construction          | <input checked="" type="checkbox"/> Recomplete     | <input type="checkbox"/> Other _____    |
|   | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon          | <input type="checkbox"/> Temporarily Abandon       |   |
|   | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back                 | <input type="checkbox"/> Water Disposal            |   |

13. Described Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MCKAY OIL CORPORATION requests re-complete and re-treat the Rugged Federal #1 within the next 3-60days. McKay Oil Corporation will look for sand in upper zones 2840-2940 and check for water and to see of perfs are covered with sand. Then we will need to squeeze with cement of remove Bridge plug. Re-frax at 3480'-3489' with approximately 10-15 bbls per minute of asid and 70% quality foam with binary frax using approximately 100,000# brady sand frac with 130 tons of Co2 and 3230cscf of N2.

|   |                   |   |                         |                   |
|---|-------------------|---|-------------------------|-------------------|
| <b>14. I hereby certify that the foregoing is true and correct</b><br>Name (Printed/Typed)<br>APRIL D. MCKAY<br><br>Signature<br> |                   | <div style="border: 2px solid black; padding: 5px; text-align: center;"><b>APPROVED</b><br/>APR 24 2006<br/>(ORIG. SGD.) ALEXIS C. SWOBODA<br/>ALEXIS C. SWOBODA<br/>PETROLEUM ENGINEER</div> <table style="width: 100%;"><tr><td style="width: 50%;">Title<br/>VICE PRESIDENT</td><td style="width: 50%;">Date<br/>2/15/2005</td></tr></table> | Title<br>VICE PRESIDENT | Date<br>2/15/2005 |
| Title<br>VICE PRESIDENT   | Date<br>2/15/2005 |   |                         |                   |

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

|   |               |             |
|---|---------------|-------------|
| <b>Approved By</b>  | <b>Title</b>  | <b>Date</b> |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | <b>Office</b> |             |

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.